

Message Text

CONFIDENTIAL

PAGE 01 COLOMB 03421 140400Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 L-03 H-01 PA-01 PRS-01 /085 W
-----086170 140620Z /12

R 131120Z SEP 77
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 8160
INFO AMEMBASSY NEW DELHI

C O N F I D E N T I A L COLOMBO 3421

E.O. 11652: GDS
TAGS: EFIN, CE

SUBJ: SRI LANKA RUPEE IS DEVALUED FOR FOURTH TIME AND REACHES
PRE-REVALUATION LEVELS

REF: COLOMBO 3384

1. BEGIN UNCLASSIFIED. FOR THE FOURTH TIME IN LESS THAN A MONTH, RUPEE PARITIES HAVE BEEN ADJUSTED DOWNWARD. EFFECTIVE SEPTEMBER 12, THE NEW PARITIES ARE RS. 8.6053 PER US DOLLAR AND RS. 14.9991 PER POUND STERLING. THESE NEW RATES REPRESENT RUPEE DEVALUATIONS OF 15.4 PERCENT AGAINST THE DOLLAR AND 16.6 PERCENT AGAINST THE POUND FROM THE PARITIES PREVAILING PRIOR TO AUGUST 19. THE DOLLAR IS NOW ALMOST UP TO ITS PRE-REVALUATION LEVEL OF RS. 8.7154, WHILE THE POUND IS A BIT ABOVE THE RS. 14.9670 PARITY PREVAILING BEFORE THE MARCH 12 REVALUATION. TAKING INTO ACCOUNT THE FLUCTUATIONS OF THE WORLD'S MAJOR CURRENCIES SINCE MARCH 12, IT APPEARS THAT THE RUPEE IS NOW MORE OR LESS BACK WHERE IT WAS BEFORE THE REVALUATION.

2. FOLLOWING THE FINANCE MINISTER'S ANNOUNCEMENT THAT THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 COLOMB 03421 140400Z

RUPEE WAS BEING DEVALUED "VERY SLOWLY AND GRADUALLY" (REFTEL), LOCAL TRADE AND FINANCIAL CIRCLES SPECULATED THAT IT WOULD TAKE THE CENTRAL BANK SEVERAL MONTHS AT LEAST TO UNDO THE REVALUATION. ACCORDING TO PRESS REPORTS, THE LATEST RATHER LARGE CUT IN THE RUPEE'S VALUE CAUGHT EVERYONE BY SURPRISE. ONE BUSINESSMAN WAS QUOTED AS SAYING THAT THE "CRAWLING PEG" WAS MORE LIKE A "GALLOPING PEG." THE COLOMBO RUBBER MARKET, HOW-

EVER, REACTED QUICKLY TO THE NEW EXCHANGE RATES. RUPEE RUBBER PRICES MOVED UPWARDS DESPITE A DROP IN THE SINGAPORE MARKET. TEA PRICES ARE EXPECTED TO REACT MORE SLOWLY.

3. BEGIN CONFIDENTIAL COMMENT. THE EMBASSY UNDERSTANDS THAT THE CENTRAL BANK MAY CONTINUE THE PROCESS OF DEVALUATION BEYOND THE PRE-REVALUATION LEVELS. THERE ARE ALSO RUMORS THAT THE BANK MAY MOVE TOWARD A UNIFIED EXCHANGE RATE. THE EMBASSY WILL ATTEMPT TO OBTAIN MORE INFORMATION ON THE BANK'S EXCHANGE RATE POLICY AND WILL REPORT FURTHER. ANY INFORMATION THE DEPARTMENT CAN OBTAIN FROM THE IMF WOULD BE GREATLY APPRECIATED.
WRIGGINS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUPEE, REVALUATIONS, FINANCIAL DESIGNATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977COLOMB03421
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770332-0995
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770971/aaaachuj.tel
Line Count: 75
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 954a0548-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 COLOMBO 3384
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1299363
Secure: OPEN
Status: NATIVE
Subject: SRI LANKA RUPEE IS DEVALUED FOR FOURTH TIME AND REACHES PRE-REVALUATION LEVELS
TAGS: EFIN, CE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/954a0548-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009